

Service Value Concept

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Transformation Scenario



Finance Priorities & Challenges



Service Value Concept



SVI Compass and Matrix

Powerful Trends



**Rapidly changing
demographics**

**Accelerating pace
of globalization**

**Maturing
economic
cycle**

**Environmental
pressures**

**Pervasive
information
connectivity**

Lasting impacts



**Accelerating consolidation
Increasing business complexity
Winning the War for Talent**



Transformation Scenario



Finance Priorities & Challenges

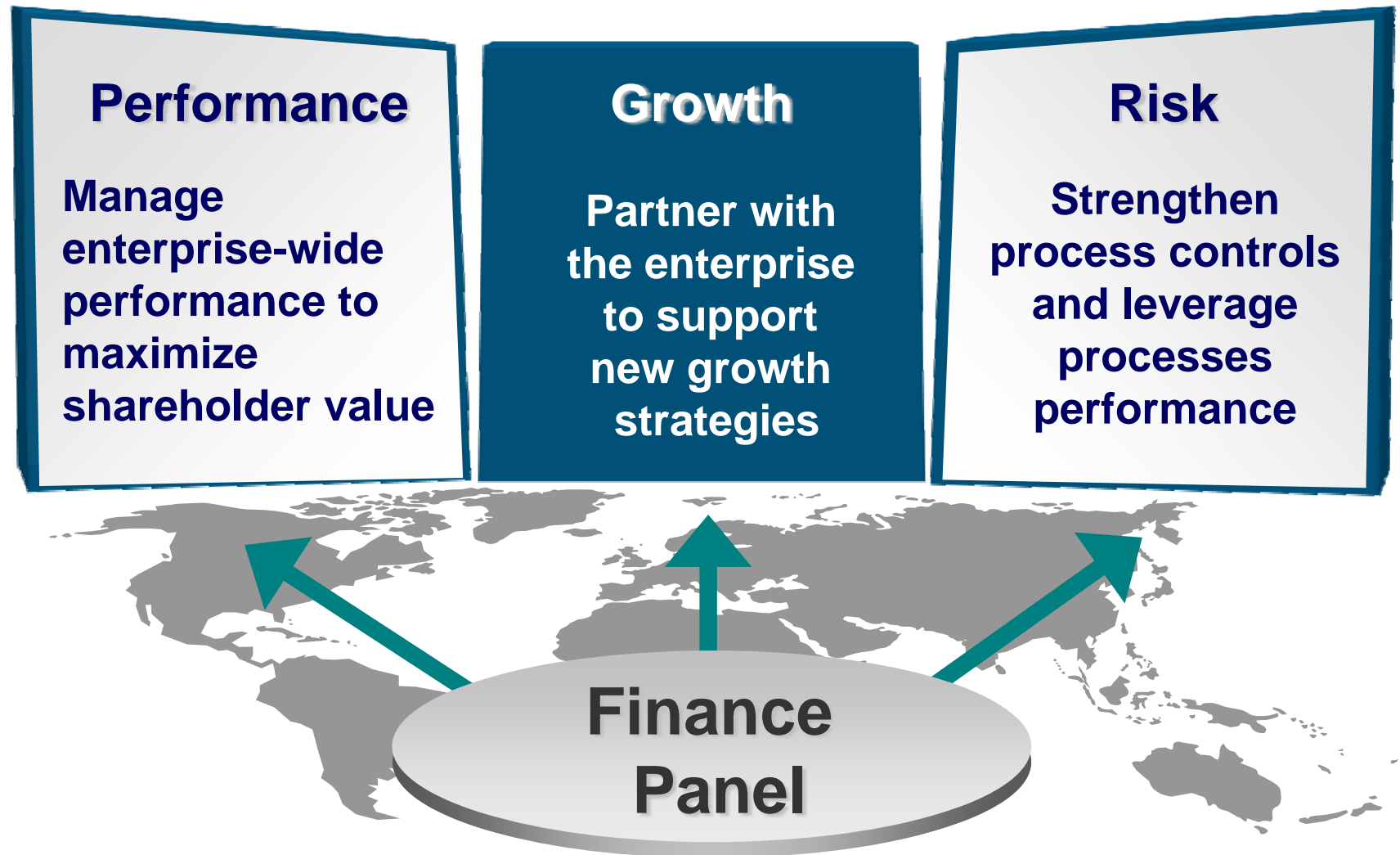


Service Value Concept



SVI Compass and Matrix

Top 3 priorities for Finance





Transformation Scenario



Finance Priorities & Challenges



Service Value Concept



SVI Compass and Matrix

What is Service Value Concept ?

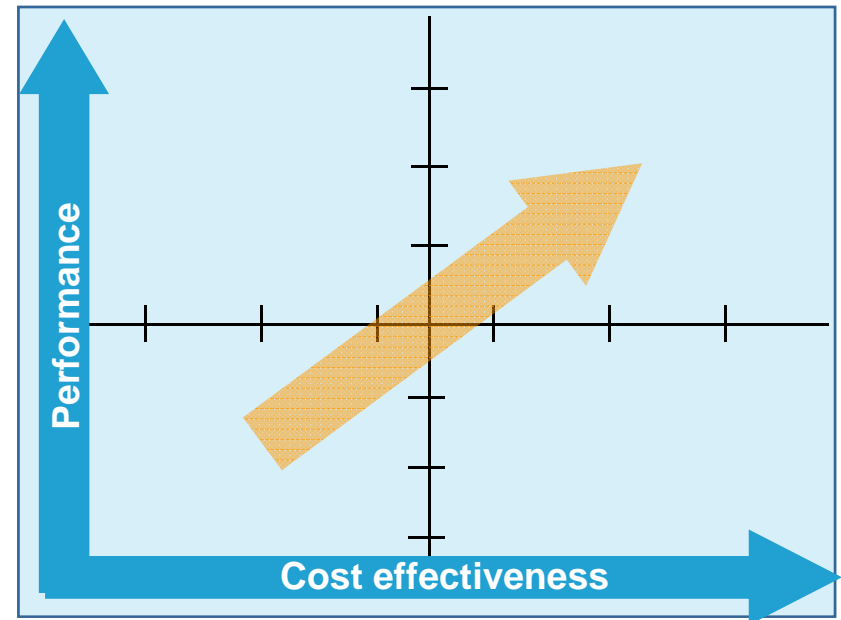
Is a disciplined approach to measure the ability of corporate services to create value for BASF over time. The model tracks results along two dimensions, Performance and Cost Effectiveness and is similar to the calculation of indicator EBIT after Capital Cost.

Focus on Cost Effectiveness

- Compare historical performance over time
- Allocate resources effectively
- Valuable tool to budget requests
- Valuable tool for developing Strategic Plans

Focus on Performance

- KPI development methodology
- Approach to prioritize goals
- Alternative to a value mindset
- A way to track and report performance



Service Value Concept

Focus on results

Performance Methodology

Disciplined methodology to **define performance** and **prioritize goals** by assigning weights

Decision-making framework

Conceptual framework helps a SSO **make decisions** and understand the **impacts that investment decisions** have on performance

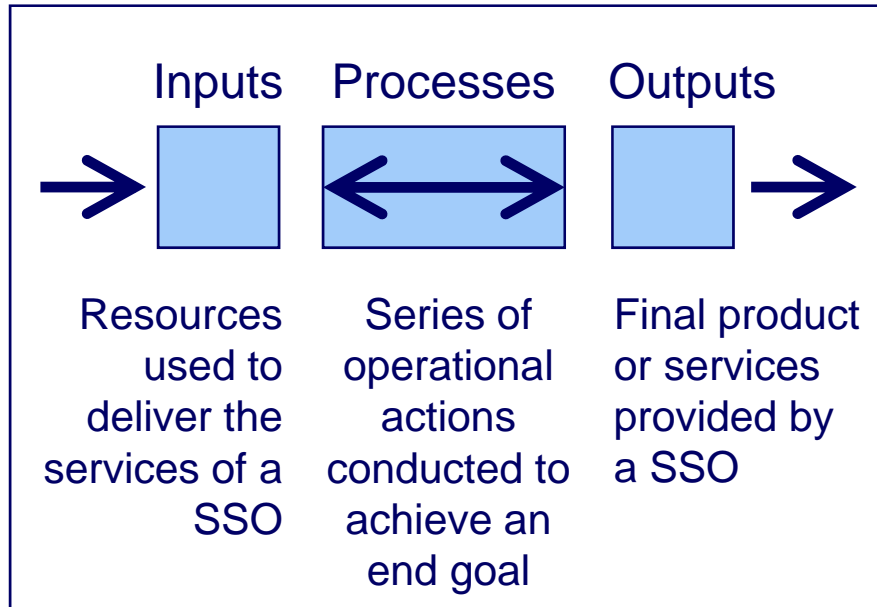
Value Mindset

Service Value Concept reinforces **a high-performance** mindset that balances performance and costs

Service Value Concept

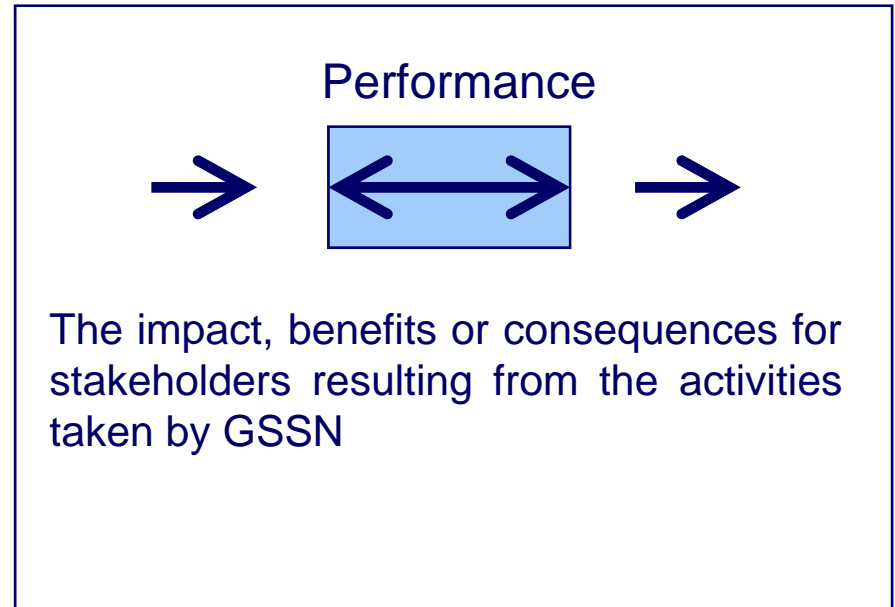
Focus on results

Traditional performance



Input, process, output measures provide a view of performance based on **service provision**

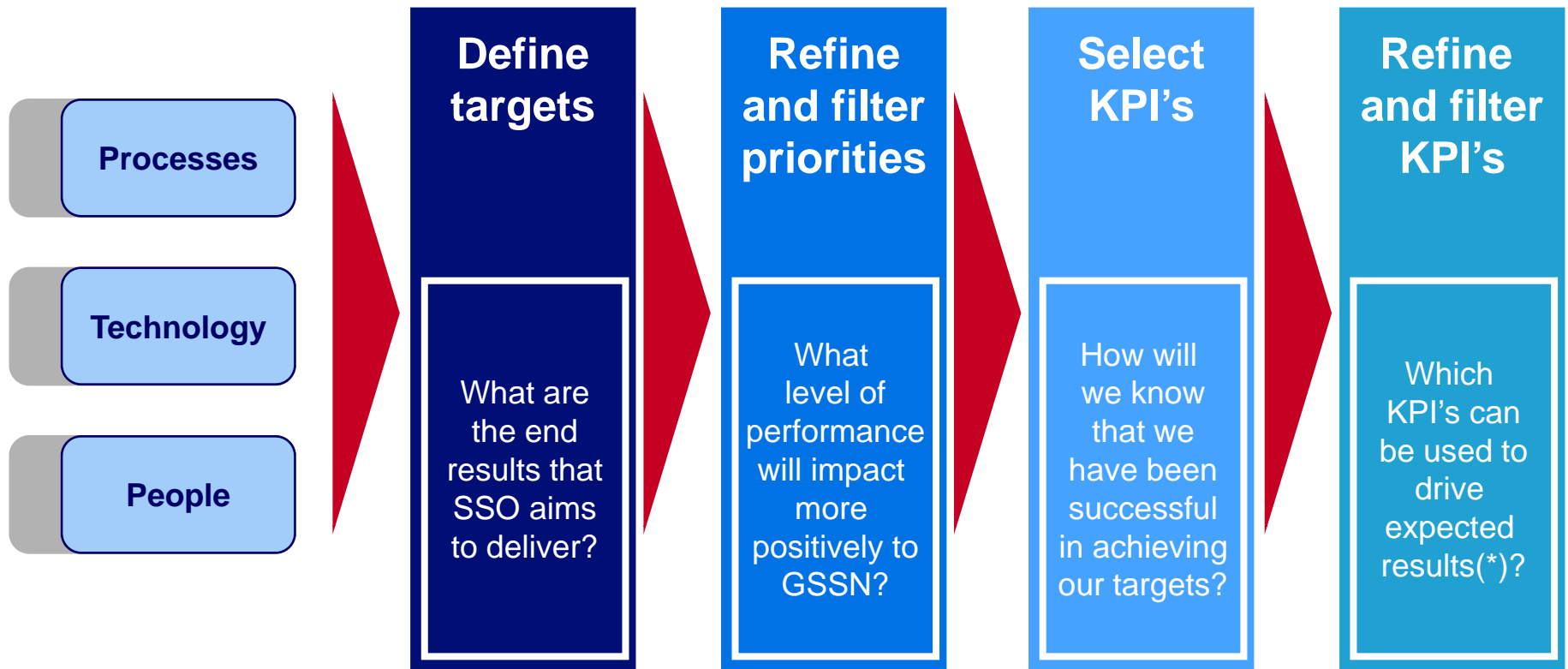
Service Value



Service value focuses on delivery of **improved results** for BASF

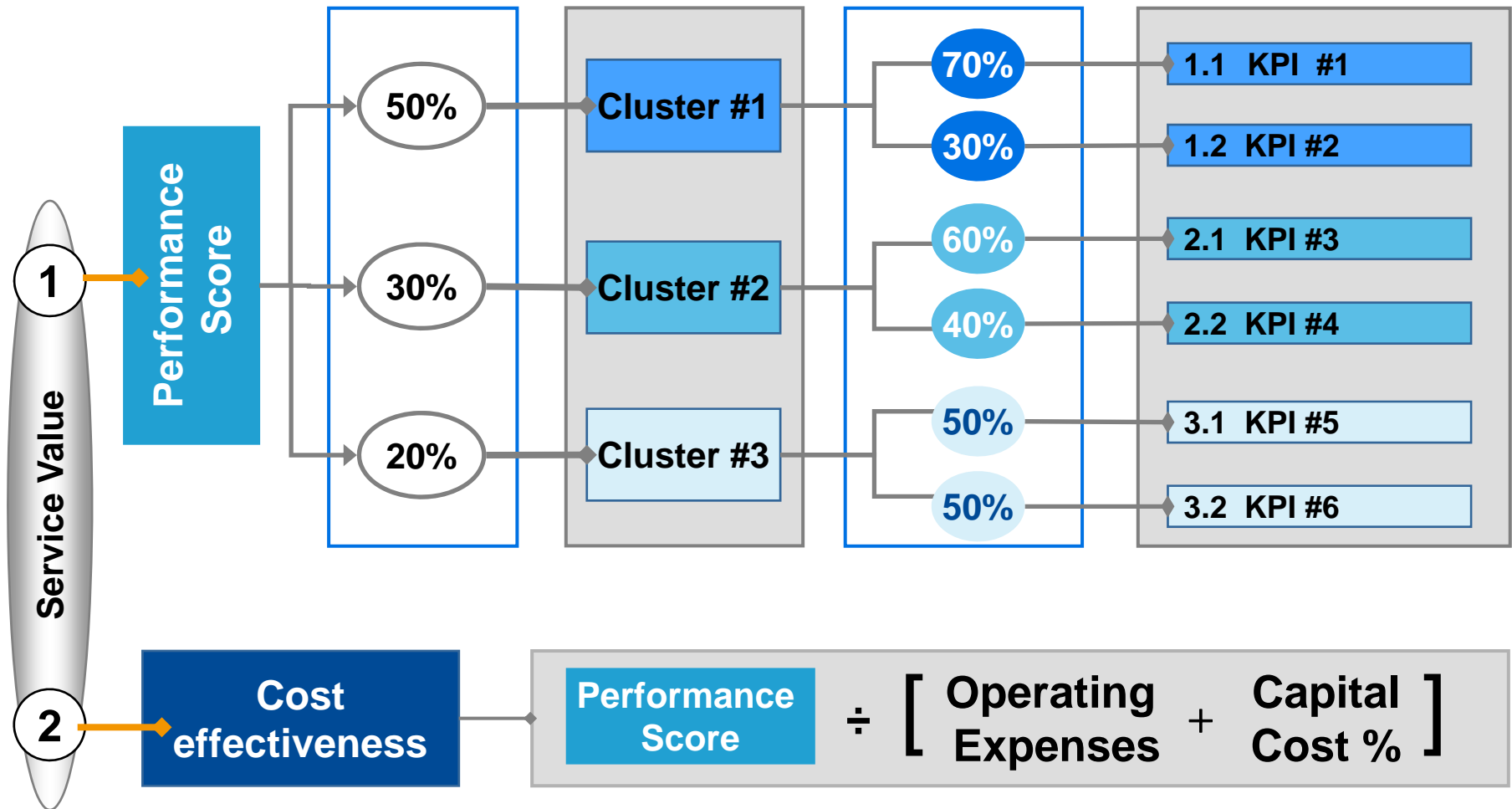
Service Value Concept

High-level Implementation Outlook



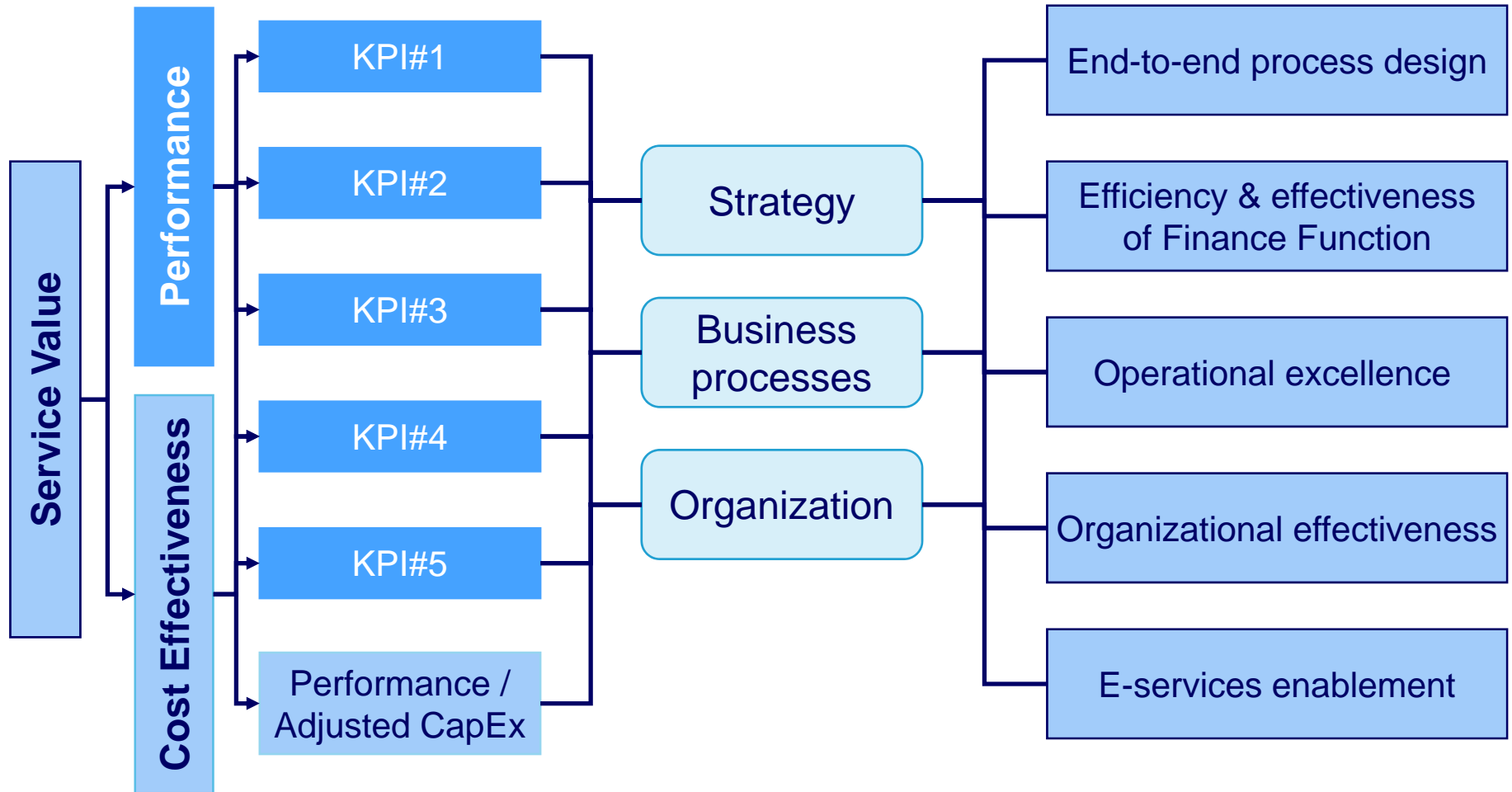
(*) and are practical to be measured

Service Value Indicator Analytical Model



Relevant KPI's tied directly to drivers of Global Finance Transformation

Revenue Performance Model





Transformation Scenario



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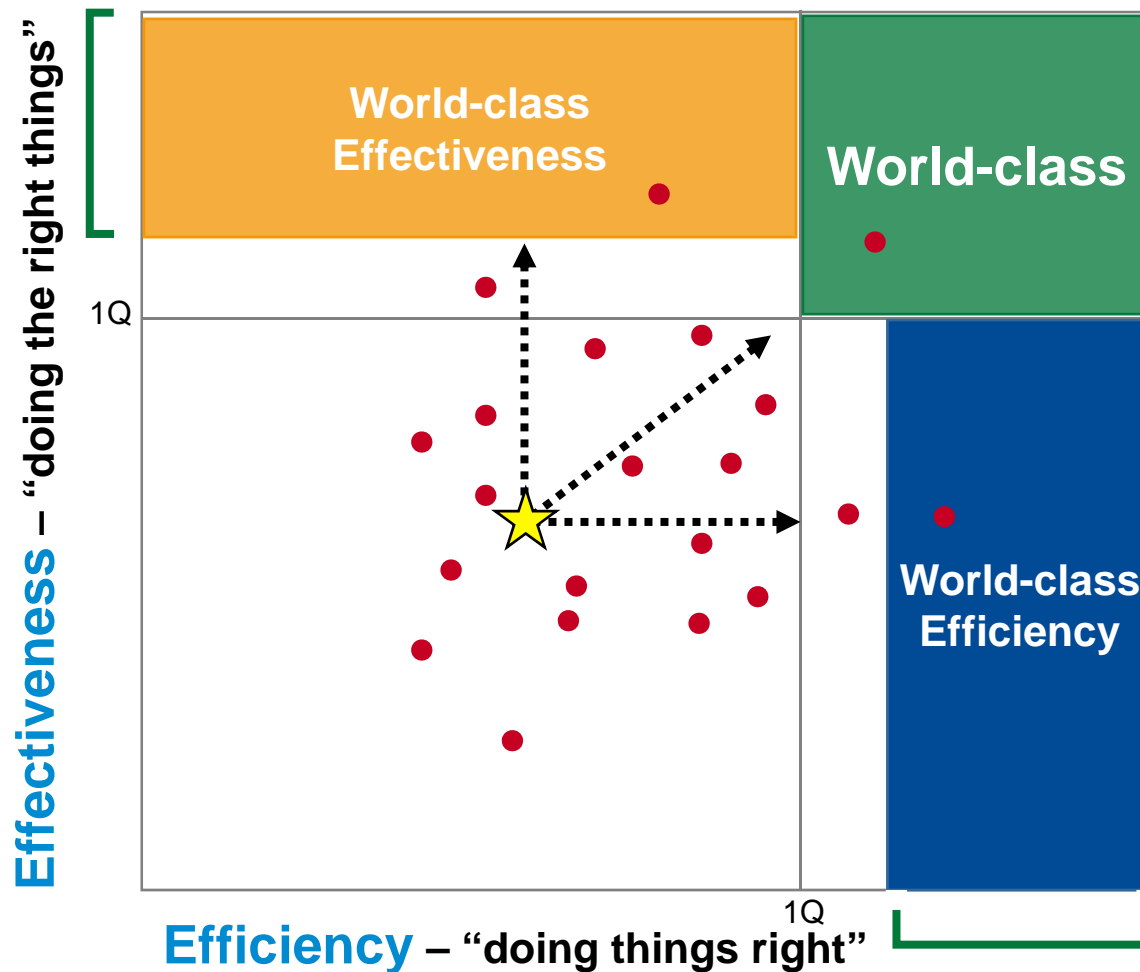
Service Value Concept



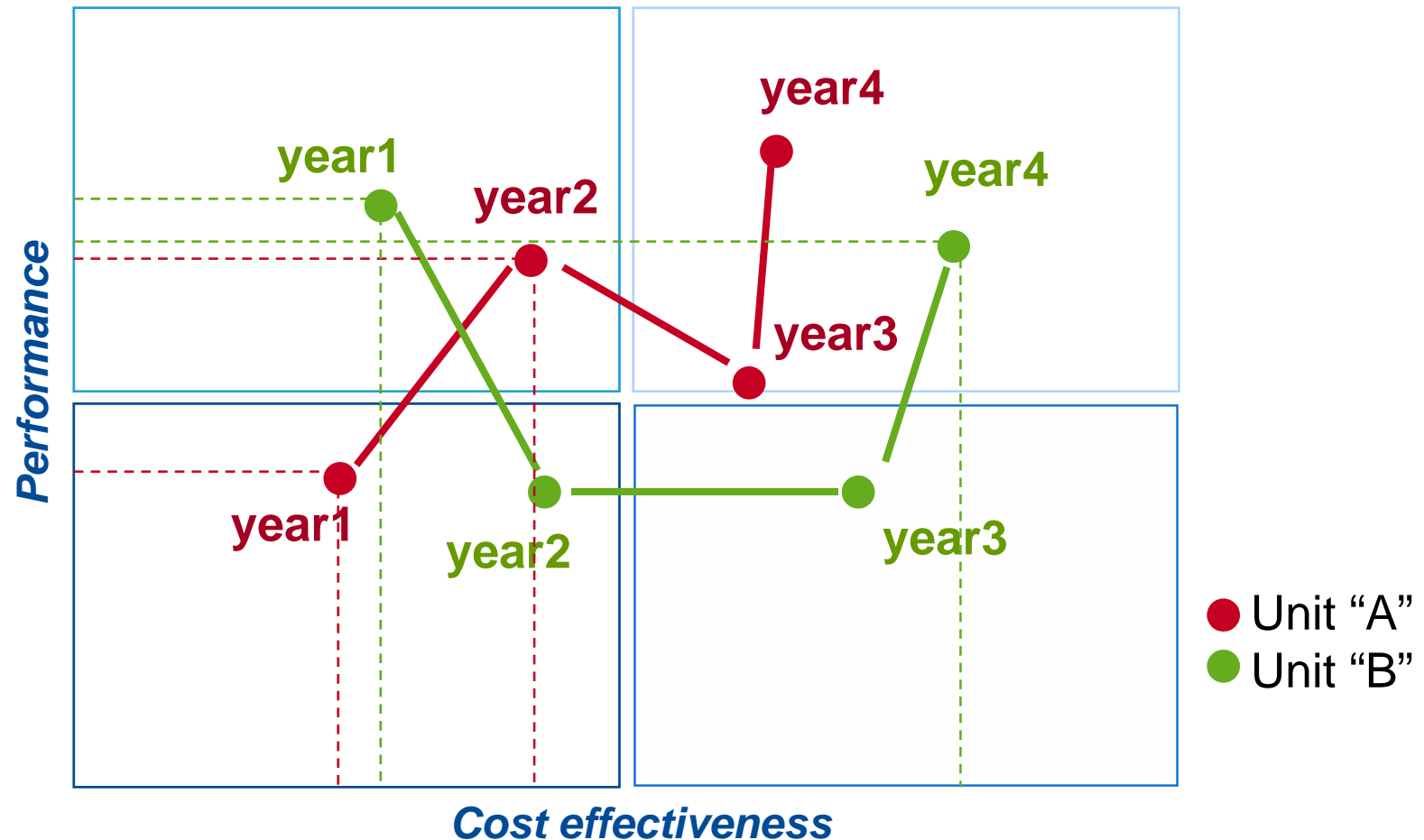
SVI Compass and Matrix

World-class is top quartile performance

Hackett Value Grid™

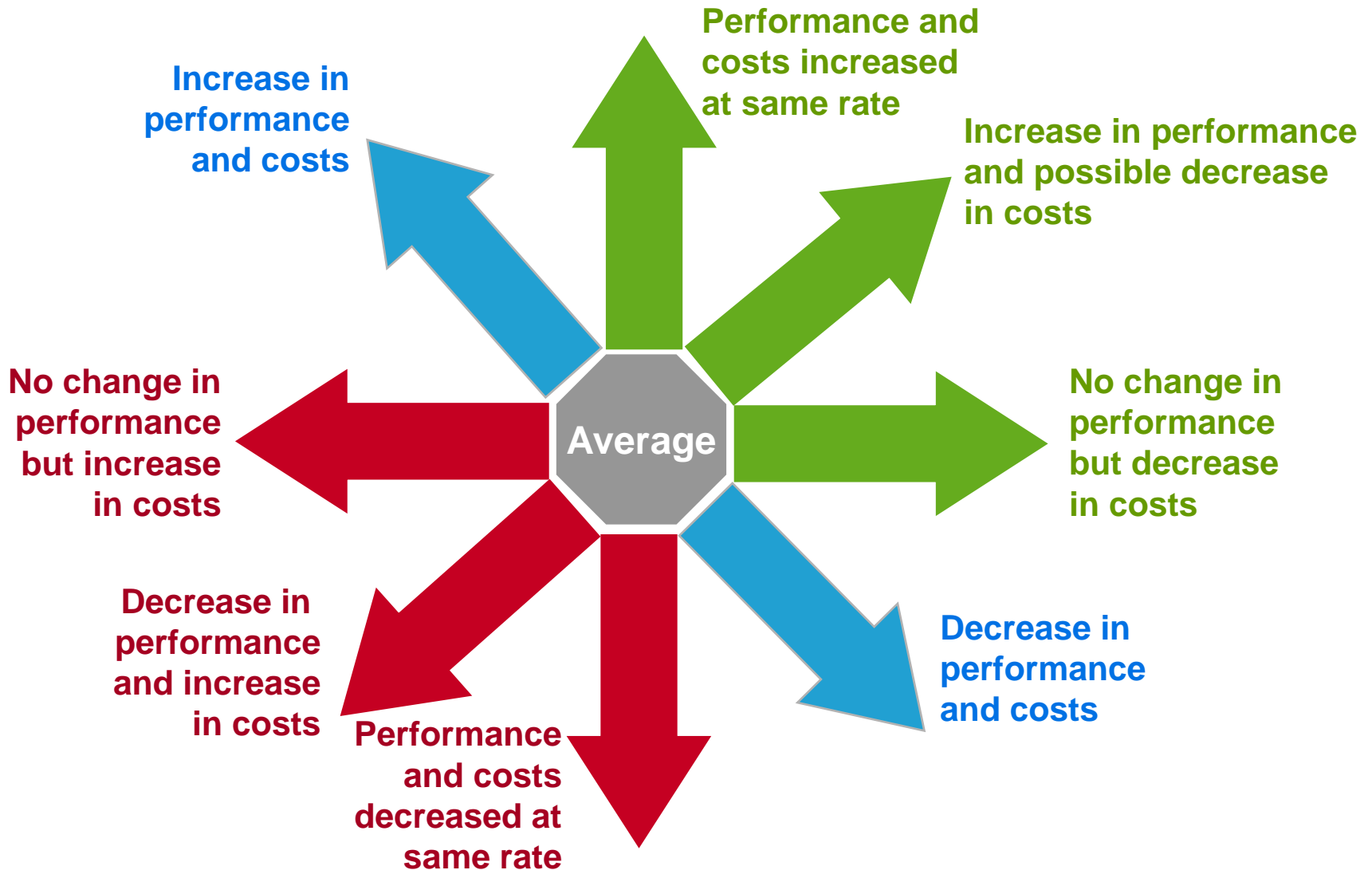


Applying results-oriented practices to Performance Management



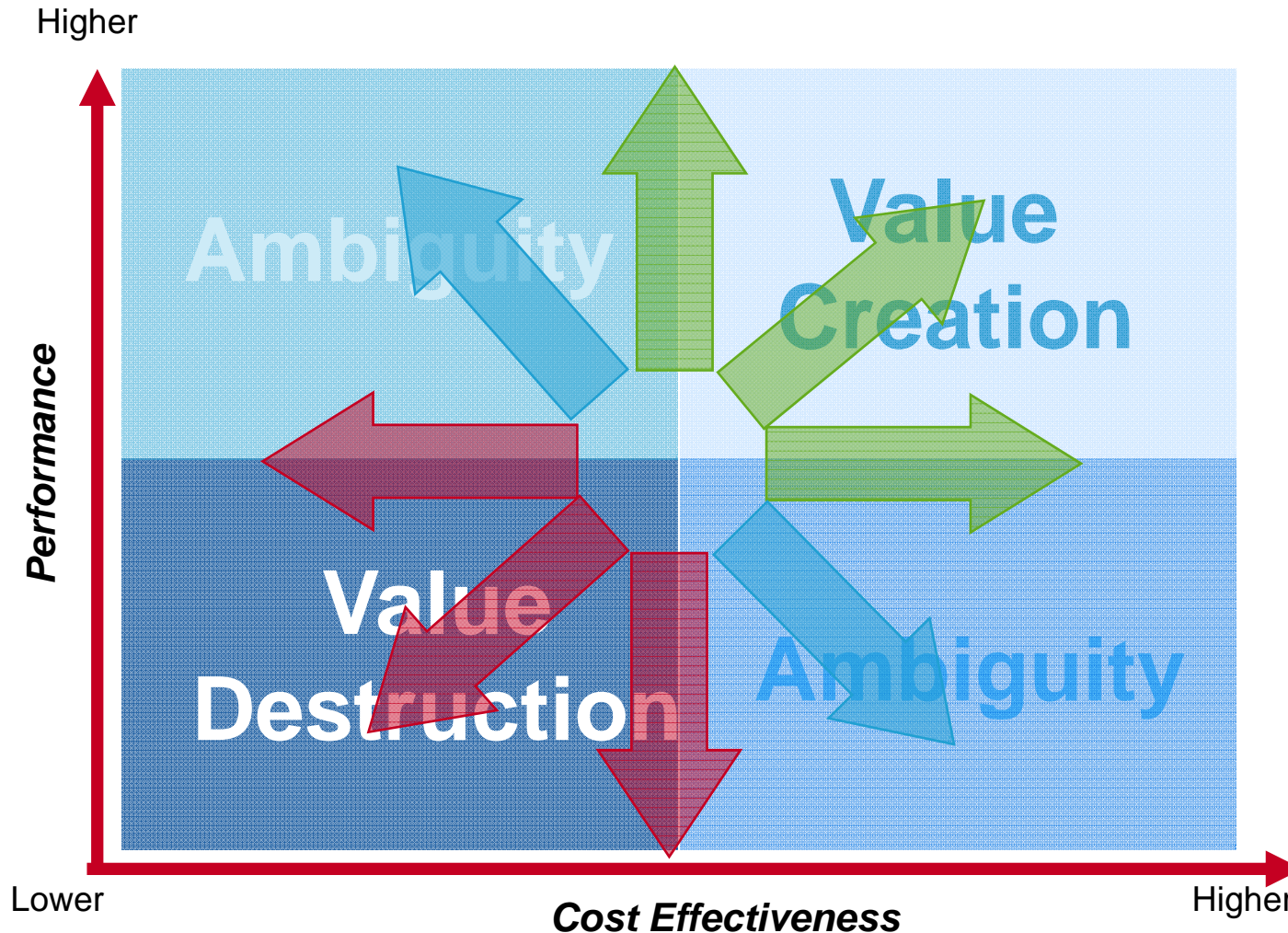
Service Value Compass

Identifies value creation path



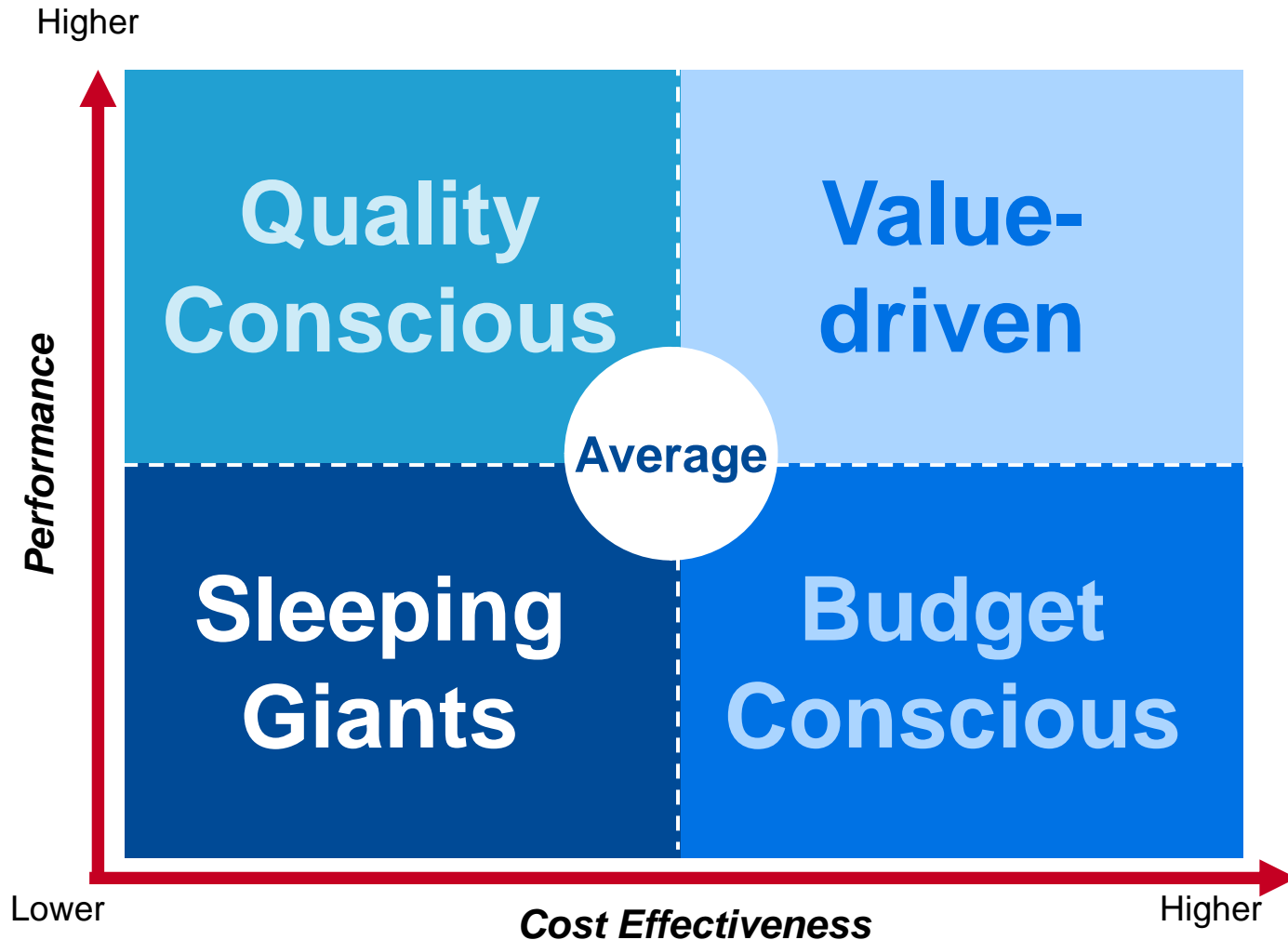
Service Value Grid

Result-oriented performance appraisal



Service Value Matrix

Measuring what matters



Critical Success Factors for Service Value implementation

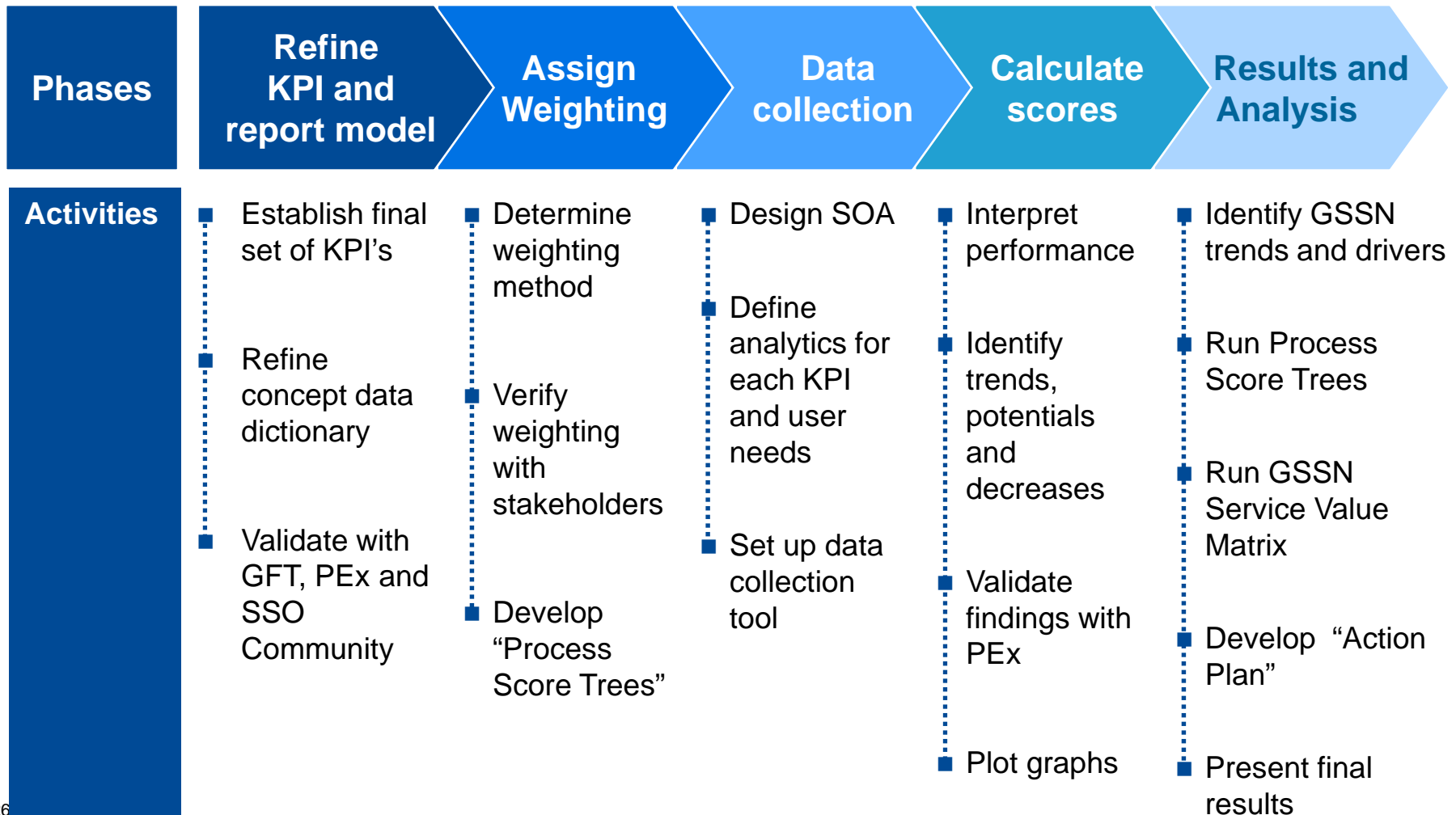
- Secure **leadership support** and commitment
- Foster and enable **integration and collaboration** across 'silos'
- Establish dedicated, **professional team** to drive, manage and sustain the process of **Performance Management**
- **Transparent** process and **performance information**
- Continuously assess and develop **organizational capability** for future **performance improvements**



Back-up

Service Value Concept

Detailed implementation phases





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